

# REPORT OF THE LICENSES, FEES, INSURANCE TAX & OTHER CHARGES SUBCOMMITTEE

(Rutherford, Ballentine, Howard, Willis - Staff Contact: Stephanie Meetze)

---

---

## SENATE BILL 284

S. 284 -- Senators Davis, Turner, Jackson, Scott, Kimpson, Senn, Campsen and Sabb: A BILL TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 6-1-530, RELATING TO USE OF REVENUE FROM LOCAL ACCOMMODATIONS TAX, SO AS TO PROVIDE THAT THE DEVELOPMENT OF WORKFORCE HOUSING IS ONE OF THE PURPOSES FOR WHICH LOCAL ACCOMMODATIONS TAXES MAY BE USED; BY AMENDING SECTION 6-1-730, RELATING TO USE OF REVENUE FROM LOCAL HOSPITALITY TAX, SO AS TO PROVIDE THAT THE DEVELOPMENT OF WORKFORCE HOUSING IS ONE OF THE PURPOSES FOR WHICH LOCAL HOSPITALITY TAXES MAY BE USED; BY AMENDING SECTION 6-4-10, RELATING TO A SPECIAL FUND FOR TOURISM, MANAGEMENT AND USE OF SPECIAL FUND, SO AS TO PROVIDE THAT THE DEVELOPMENT OF WORKFORCE HOUSING IS ONE OF THE PURPOSES FOR WHICH THE SPECIAL FUND MAY BE USED; AND BY AMENDING SECTION 6-4-15, RELATING TO USE OF REVENUES TO FINANCE BONDS, SO AS TO PROVIDE THAT THE DEVELOPMENT OF WORKFORCE HOUSING IS ONE OF THE PURPOSES FOR WHICH BONDS MAY BE ISSUED.

***Received by Ways and Means:***

***Summary of Bill:***

This bill allows local governments to use revenue generated by a local accommodations tax and a local hospitality tax for the development of workforce housing. The bill also expands the allowable uses for the portion of state accommodations tax that counties and municipalities must use for tourism-related expenditures to include workforce housing. Lastly, it allows counties and municipalities to use state accommodation tax revenues to issue bonds for the development of workforce housing.

***Estimated Revenue Impact:***

N/A

***Other Notes/Comments:***

Amendment only allows the use of Accommodations Tax, caps the usage at 15% of annual accommodation tax revenue, requires expenditures to be subject to review and approval by JBRC and includes a 7 year sunset date.

***Subcommittee Recommendations:***

Passed favorably with amendment

**SOUTH CAROLINA**  
**HOUSE AMENDMENT**

AMENDMENT NO. \_\_\_\_\_

David Good  
May 02, 2023

ADOPTED	REJECTED	TABLED	ADJOURN DEBATE	RECONSIDERED	ROO
---------	----------	--------	-------------------	--------------	-----

\_\_\_\_\_  
Clerk of the House

ADOPTION NO. \_\_\_\_\_

**BILL NO: S. 284**

(Reference is to the original version)

Rep. Willis proposes the following amendment (LC-284.DG0021H):

Amend the bill, as and if amended, SECTION 1, by striking Section 6-1-530(A)(7) and inserting:

(7) development of workforce housing, which must include programs to promote home ownership. However, a county or municipality may not expend or dedicate more than fifteen percent of its annual local accommodations tax revenue for the purposes set forth in this item, and all such expenditures are subject to review and comment by the Joint Bond Review Committee. The provisions of this item are no longer effective after December 31, 2030.

Amend the bill further, by deleting SECTION 2.

Amend the bill further, SECTION 3, by striking Section 6-4-10(4)(b)(ix) and inserting:

(ix) development of workforce housing, which must include programs to promote home ownership. However, a county or municipality may not expend or dedicate more than fifteen percent of its annual local accommodations tax revenue for the purposes set forth in this item (4)(b)(ix), and all such expenditures are subject to review and comment by the Joint Bond Review Committee. The provisions of this item (4)(b)(ix) are no longer effective after December 31, 2030.

Amend the bill further, SECTION 5, by striking Section 6-4-12(F) and inserting:

(F) The local government shall provide the housing impact analysis for an ordinance to the members of the legislative body of the local government, the Department of Revenue, and the Tourism Expenditure Revenue Committee before the ordinance is considered by the legislative body. The Department of Revenue may not disburse any accommodations taxes to the local government for purposes of development of workforce housing unless and until the local government has provided the housing impact analysis to the parties required pursuant to this subsection.

Amend the bill further, by deleting SECTION 7.

Amend the bill further, by adding an appropriately numbered SECTION to read:

SECTION X. Before the beginning of the 2030 legislative session, the Director of the Department of Parks, Recreation and Tourism, in consultation with the Secretary of Commerce and the Commission of Agriculture, shall issue a report to the General Assembly detailing the effects on tourism and workforce housing resulting from the codified provisions of this act.

Renumber sections to conform.

Amend title to conform.



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
**(803)734-3780 • RFA.SC.GOV/IMPACTS**

*This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.*

---

**Bill Number:** S. 0284    Introduced on January 10, 2023  
**Author:** Davis  
**Subject:** Development of Workforce Housing  
**Requestor:** Senate Finance  
**RFA Analyst(s):** Wren  
**Impact Date:** January 25, 2023

---

### **Fiscal Impact Summary**

This bill allows local governments to use revenue generated by a local accommodations tax and a local hospitality tax for the development of workforce housing. The bill also expands the allowable uses for the portion of state accommodations tax that counties and municipalities must use for tourism-related expenditures to include workforce housing. Lastly, it allows counties and municipalities to use state accommodations tax revenues to issue bonds for the development of workforce housing.

Since this bill is permissive, the number of counties and municipalities that may choose to use local accommodations tax, local hospitality tax, or state accommodations tax revenue for the development of workforce housing is unknown. Therefore, the amount of revenue that will be used for these purposes is undetermined and will vary by location.

### **Explanation of Fiscal Impact**

#### **Introduced on January 10, 2023**

##### **State Expenditure**

N/A

##### **State Revenue**

N/A

##### **Local Expenditure**

N/A

##### **Local Revenue**

This bill permits local governments to use revenue generated by the local accommodations tax and the local hospitality for the development of workforce housing. This is in addition to the current list of purposes that revenue from these taxes may be utilized. The bill also allows counties and municipalities to use the portion of state accommodations tax allocated to tourism-related expenditures for the development of workforce housing. Lastly, the bill permits counties and municipalities to utilize state accommodations tax revenue to issue bonds for the purpose of workforce housing, among other items.

Since this bill is permissive, the number of counties and municipalities that may use revenues for the development of workforce housing is unknown. Therefore, the amount of revenue utilized for these purposes is undetermined.

For reference, based upon data in the FY 2020-21 Local Government Finance Report, 28 counties reported imposing a local accommodations tax, and 22 counties reported a local hospitality tax. Please see the table below for a list of counties that reported imposing these taxes.

Counties Reporting a Local Accommodations Tax *	Counties Reporting a Local Hospitality Tax *
Abbeville	Beaufort
Aiken	Clarendon
Anderson	Colleton
Beaufort	Darlington
Berkeley	Dillon
Charleston	Dorchester
Cherokee	Edgefield
Chester	Fairfield
Clarendon	Florence
Colleton	Georgetown
Dorchester	Greenville
Fairfield	Greenwood
Florence	Horry
Georgetown	Jasper
Greenville	Lancaster
Horry	Lee
Jasper	Richland
Kershaw	Spartanburg
Lancaster	Sumter
Lee	Union
Lexington	Williamsburg
Marlboro	York
Oconee	
Pickens	
Richland	
Spartanburg	
Sumter	
York	

\*Please note that these counties reported the imposition of the above taxes. Since the data are not audited by RFA, this may not comprise a comprehensive list of counties imposing these taxes.

Additionally, based upon data in the FY 2020-21 Local Government Finance Report, 89 municipalities impose a local accommodations tax, and 113 municipalities impose a local hospitality tax.



Frank A. Rainwater, Executive Director

**South Carolina General Assembly**  
125th Session, 2023-2024

S. 284

**STATUS INFORMATION**

General Bill

Sponsors: Senators Davis, Turner, Jackson, Scott, Kimpson, Senn, Campsen and Sabb

Companion/Similar bill(s): 4213

Document Path: SR-0145KM23.docx

Introduced in the Senate on January 10, 2023

Introduced in the House on April 4, 2023

Last Amended on March 30, 2023

Currently residing in the House Committee on **Ways and Means**

Summary: Development of Workforce Housing

**HISTORY OF LEGISLATIVE ACTIONS**

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
12/7/2022	Senate	Prefiled
12/7/2022	Senate	Referred to Committee on <b>Finance</b>
1/10/2023	Senate	Introduced and read first time (Senate Journal-page 178)
1/10/2023	Senate	Referred to Committee on <b>Finance</b> (Senate Journal-page 178)
3/22/2023		Scrivener's error corrected
3/22/2023	Senate	Committee report: Favorable <b>Finance</b>
3/24/2023		Scrivener's error corrected
3/28/2023	Senate	Read second time (Senate Journal-page 75)
3/30/2023	Senate	Amended (Senate Journal-page 13)
3/30/2023	Senate	Read third time and sent to House (Senate Journal-page 13)
3/30/2023	Senate	Roll call Ayes-34 Nays-6 (Senate Journal-page 13)
4/4/2023	House	Introduced and read first time (House Journal-page 9)
4/4/2023	House	Referred to Committee on <b>Ways and Means</b> (House Journal-page 9)

View the latest [legislative information](#) at the website

**VERSIONS OF THIS BILL**

12/07/2022

03/22/2023

03/22/2023-A

03/24/2023

03/30/2023

1 ~~Indicates Matter Stricken~~

2 Indicates New Matter

3

4 AS PASSED BY THE SENATE

5 March 30, 2023

6

**S. 284**

7 Introduced by Senators Davis, Turner, Jackson, Scott, Kimpson, Senn, Campsen and Sabb

8

9 S. Printed 03/30/23--S.

10 Read the first time January 10, 2023

11

12

13

14



1  
2  
3  
4  
5  
6  
7  
8  
9  
10

**A BILL**

11 TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 6-1-530,  
12 RELATING TO USE OF REVENUE FROM LOCAL ACCOMMODATIONS TAX, SO AS TO  
13 PROVIDE THAT THE DEVELOPMENT OF WORKFORCE HOUSING IS ONE OF THE  
14 PURPOSES FOR WHICH LOCAL ACCOMMODATIONS TAXES MAY BE USED; BY  
15 AMENDING SECTION 6-1-730, RELATING TO USE OF REVENUE FROM LOCAL  
16 HOSPITALITY TAX, SO AS TO PROVIDE THAT THE DEVELOPMENT OF WORKFORCE  
17 HOUSING IS ONE OF THE PURPOSES FOR WHICH LOCAL HOSPITALITY TAXES MAY BE  
18 USED; BY AMENDING SECTION 6-4-10, RELATING TO A SPECIAL FUND FOR TOURISM,  
19 MANAGEMENT AND USE OF SPECIAL FUND, SO AS TO PROVIDE THAT THE  
20 DEVELOPMENT OF WORKFORCE HOUSING IS ONE OF THE PURPOSES FOR WHICH THE  
21 SPECIAL FUND MAY BE USED; AND BY AMENDING SECTION 6-4-15, RELATING TO USE  
22 OF REVENUES TO FINANCE BONDS, SO AS TO PROVIDE THAT THE DEVELOPMENT OF  
23 WORKFORCE HOUSING IS ONE OF THE PURPOSES FOR WHICH BONDS MAY BE ISSUED.

24 Amend Title To Conform

25  
26

Be it enacted by the General Assembly of the State of South Carolina:

27  
28

SECTION 1. Section 6-1-530(A) of the S.C. Code is amended to read:

29  
30

(A) The revenue generated by the local accommodations tax must be used exclusively for the following purposes:

31  
32  
33  
34  
35  
36  
37  
38

- (1) tourism-related buildings including, but not limited to, civic centers, coliseums, and aquariums;
- (2) tourism-related cultural, recreational, or historic facilities;
- (3) beach access, renourishment, or other tourism-related lands and water access;
- (4) highways, roads, streets, and bridges providing access to tourist destinations;
- (5) advertisements and promotions related to tourism development; ~~or~~
- (6) water and sewer infrastructure to serve tourism-related demand; or
- (7) development of workforce housing, which must include programs to promote home ownership.

39  
40

SECTION 2. Section 6-1-730(A) of the S.C. Code is amended to read:

41  
42

(A) The revenue generated by the hospitality tax must be used exclusively for the following purposes:

43

- (1) tourism-related buildings including, but not limited to, civic centers, coliseums, and aquariums;

- 1 (2) tourism-related cultural, recreational, or historic facilities;
- 2 (3) beach access and renourishment;
- 3 (4) highways, roads, streets, and bridges providing access to tourist destinations;
- 4 (5) advertisements and promotions related to tourism development;
- 5 (6) water and sewer infrastructure to serve tourism-related demand;
- 6 (7) control and repair of flooding and drainage within or on tourism-related lands or areas; or
- 7 (8) site preparation for items in this section including, but not limited to, demolition, repair, or
- 8 construction; or
- 9 (9) development of workforce housing, which must include programs to promote home ownership.

10  
11 SECTION 3. Section 6-4-10(4) of the S.C. Code is amended to read:

12  
13 The funds received by a municipality or a county in county areas collecting more than fifty thousand  
14 dollars from the local accommodations tax provided in Section 12-36-2630(3) must be allocated in the  
15 following manner:

16 (4)(a) The remaining balance plus earned interest received by a municipality or county must be  
17 allocated to a special fund and used for tourism-related expenditures. This section does not prohibit a  
18 municipality or county from using accommodations tax general fund revenues for tourism-related  
19 expenditures.

20 (b) The funds received by a county or municipality which has a high concentration of tourism  
21 activity may be used to provide additional county and municipal services including, but not limited to,  
22 law enforcement, traffic control, public facilities, and highway and street maintenance, as well as the  
23 continual promotion of tourism. The funds must not be used as an additional source of revenue to  
24 provide services normally provided by the county or municipality but to promote tourism and enlarge  
25 its economic benefits through advertising, promotion, and providing those facilities and services which  
26 enhance the ability of the county or municipality to attract and provide for tourists.

27 "Tourism-related expenditures" include:

28 (i) advertising and promotion of tourism so as to develop and increase tourist attendance through  
29 the generation of publicity;

30 (ii) promotion of the arts and cultural events;

31 (iii) construction, maintenance, and operation of facilities for civic and cultural activities  
32 including construction and maintenance of access and other nearby roads and utilities for the facilities;

33 (iv) the criminal justice system, law enforcement, fire protection, solid waste collection, and  
34 health facilities when required to serve tourists and tourist facilities. This is based on the estimated  
35 percentage of costs directly attributed to tourists;

36 (v) public facilities such as restrooms, dressing rooms, parks, and parking lots;

- 1 (vi) tourist shuttle transportation;
- 2 (vii) control and repair of waterfront erosion, including beach renourishment;
- 3 (viii) operating visitor information centers;
- 4 (ix) development of workforce housing, which must include programs to promote home
- 5 ownership.

6 (c)(i) Allocations to the special fund must be spent by the municipality or county within two years  
7 of receipt. However, the time limit may be extended upon the recommendation of the local governing  
8 body of the county or municipality and approval of the oversight committee established pursuant to  
9 Section 6-4-35. An extension must include provisions that funds be committed for a specific project or  
10 program.

11 (ii) Notwithstanding the provisions of subsubitem (i), upon a two-thirds affirmative vote of the  
12 membership of the appropriate local governing body, a county or municipality may carry forward  
13 unexpended allocations to the special fund beyond two years provided that the county or municipality  
14 commits use of the funds exclusively to the control and repair of waterfront erosion, including beach  
15 renourishment or development of workforce housing, which must include programs to promote home  
16 ownership. The county or municipality annually shall notify the oversight committee, established  
17 pursuant to Section 6-4-35, of the basic activity of the committed funds, including beginning balance,  
18 deposits, expenditures, and ending balance.

19 (d) In the expenditure of these funds, counties and municipalities are required to promote tourism  
20 and make tourism-related expenditures primarily in the geographical areas of the county or  
21 municipality in which the proceeds of the tax are collected where it is practical.

22  
23 SECTION 4. Section 6-4-15 of the S.C. Code is amended to read:

24  
25 Section 6-4-15. A municipality or county may issue bonds, enter into other financial obligations, or  
26 create reserves to secure obligations to finance all or a portion of the cost of constructing facilities, all  
27 of which must fulfill the purpose of this chapter, for civic activities, the arts, and cultural events, or  
28 workforce housing that includes programs to promote home ownership, which fulfill the purpose of  
29 this chapter. The annual debt service of indebtedness incurred to finance the facilities or lease payments  
30 for the use of the facilities may be provided from the funds received by a municipality or county from  
31 the accommodations tax in an amount not to exceed the amount received by the municipality or county  
32 after deduction of the accommodations tax funds dedicated to the general fund and the advertising and  
33 promotion fund. However, none of the revenue received by a municipality or county from the  
34 accommodations tax may be used to retire outstanding bonded indebtedness unless accommodations  
35 tax revenue was obligated for that purpose when the debt was incurred.

1 SECTION 5. Chapter 4, Title 6 of the S.C. Code is amended by adding:

2  
3 Section 6-4-12. (A) If a local government intends to use the funds for the development of workforce  
4 housing, then the local government shall prepare a housing impact analysis prior to giving second  
5 reading to the ordinance.

6 (B) The analysis required by subsection (A) must include:

7 (1) information about the effect of the ordinance on housing, including the effect of the ordinance  
8 on each of the following:

9 (a) the cost of developing, construction, rehabilitating, improving, maintaining, or owning  
10 single family or multifamily dwellings;

11 (b) the purchase price of new homes or the fair market value of existing homes;

12 (c) the cost and availability of financing to purchase or develop housing;

13 (d) housing costs; and

14 (e) the density, location, setback, size, or height development on a lot, parcel, land division, or  
15 subdivision; and

16 (2) an analysis of the relative impact of the ordinance on low- and moderate-income households.

17 (C) The following applies to information on housing costs required to be included in the analysis  
18 conducted pursuant to subsection (B)(1)(d):

19 (1) the analysis must include reasonable estimates of the effect of the ordinance on housing costs,  
20 expressed in dollar amounts. The local government shall include a brief summary of, or worksheet  
21 demonstrating, the computations used in determining the dollar amounts. However, if the local  
22 government determines that it is not possible to make an estimate expressed in dollar amounts, then the  
23 analysis must include a statement setting forth the reasons for the local government's determination;  
24 and

25 (2) the analysis must include descriptions of both the immediate effect and, to the extent  
26 ascertainable, the long-term effect of the ordinance on housing costs.

27 (D) Except as otherwise provided in this section, a housing impact analysis required pursuant to this  
28 section must be based on costs associated with the development, construction, financing, purchasing,  
29 sale, ownership, or availability of a median-priced single-family residence. However, the analysis may  
30 include estimates for larger developments as part of an analysis of the long-term effects of the  
31 ordinance.

32 (E) A local government may request information from any state agencies, local units of government,  
33 universities or colleges, organizations, or individuals as necessary to prepare a housing impact analysis  
34 pursuant to this section.

35 (F) The local government shall provide the housing impact analysis for an ordinance to the members  
36 of the legislative body of the local government, the Department of Revenue, and the Tourism

1 Expenditure Revenue Committee before the ordinance is considered by the legislative body. The  
2 Department of Revenue may not disburse any hospitality or accommodations taxes to the local  
3 government for purposes of development of workforce housing unless and until the local government  
4 has provided the housing impact analysis to the parties required pursuant to this subsection.

5  
6 SECTION 6. Section 6-4-5 of the S.C. Code is amended to read:

7  
8 Section 6-4-5. As used in this chapter:

9 (1) "County area" means a county and municipalities within the geographical boundaries of the  
10 county.

11 (2) "Cultural", as it applies to members of advisory committees in Section 6-4-25, means persons  
12 actively involved and familiar with the cultural community of the area including, but not limited to, the  
13 arts, historical preservation, museums, and festivals.

14 (3) "Hospitality", as it applies to members of the committees in item (2), means persons directly  
15 involved in the service segment of the travel and tourism industry including, but not limited to,  
16 businesses that primarily serve visitors such as lodging facilities, restaurants, attractions, recreational  
17 amenities, transportation facilities and services, and travel information and promotion entities.

18 (4) "Travel" and "tourism" mean the action and activities of people taking trips outside their home  
19 communities for any purpose, except daily commuting to and from work.

20 (5) "Housing costs" for housing occupied by the owner means:

21 (a) the principal and interest on a mortgage loan that finances the purchase of the housing;

22 (b) the closing costs and other costs associated with a mortgage loan;

23 (c) mortgage insurance;

24 (d) property insurance;

25 (e) utility-related costs;

26 (f) property taxes; and

27 (g) if the housing is owned and occupied by members of a cooperative or an unincorporated  
28 cooperative association, fees paid to a person for managing the housing.

29 (6) "Housing costs" for rented housing means:

30 (a) rent; and

31 (b) utility-related costs, if not included in the rent.

32 (7) "Ordinance" means an ordinance adopted pursuant to Section 6-29-530.

33 (8) "Utility-related costs" means costs related to power, heat, gas, light, water, and sewage.

34 (9) "Workforce housing" means residential housing for rent or sale that is appropriately priced for  
35 rent or sale to a person or family whose income falls within thirty percent and one hundred twenty  
36 percent of the median income for the local area, with adjustments for household size, according to the

1 latest figures available from the United States Department of Housing and Urban Development (HUD).

2  
3 SECTION 7. Section 6-1-710 of the S.C. Code is amended by adding:

4  
5 (4) “Workforce housing” means residential housing for rent or sale that is appropriately priced for  
6 rent or sale to a person or family whose income falls within thirty percent and one hundred twenty  
7 percent of the median income for the local area, with adjustments for household size, according to the  
8 latest figures available from the United States Department of Housing and Urban Development (HUD).

9  
10 SECTION 8. Section 6-1-510 of the S.C. Code is amended by adding:

11  
12 (4) “Workforce housing” means residential housing for rent or sale that is reasonably and  
13 appropriately priced for rent or sale to a person or family whose income falls within thirty percent and  
14 one hundred twenty percent of the median income for the local area, with adjustments for household  
15 size, according to the latest figures available from the United States Department of Housing and Urban  
16 Development (HUD).

17  
18 SECTION 9. Section 6-29-510(D)(6) of the S.C. Code is amended to read:

19  
20 (6) a housing element which considers location, types, age, and condition of housing, owner and  
21 renter occupancy, and affordability of housing. This element includes an analysis to ascertain  
22 nonessential housing regulatory requirements, as defined in this chapter, that add to the cost of  
23 developing affordable housing but are not necessary to protect the public health, safety, or welfare and  
24 an analysis of market-based incentives that may be made available to encourage development of  
25 affordable housing, which incentives may include density bonuses, design flexibility, and streamlined  
26 permitting processes. The planning commission must solicit input for this analysis from homebuilders,  
27 developers, contractors, and housing finance experts when developing this element;

28  
29 SECTION 10. (A) There is created the Land Development Study Committee to examine current and  
30 prospective methods to plan for and manage land development in South Carolina.

31 (B) The study committee must be comprised of three members of the Senate appointed by the  
32 President of the Senate and three members of the House of Representatives appointed by the Speaker  
33 of the House. Staff from the Senate and House of Representatives shall assist the study committee.

34 (C) The members of the study committee shall seek assistance from governmental agencies including  
35 the South Carolina Building Codes Council, the South Carolina Housing Authority, and the South  
36 Carolina Department of Agriculture, and from members of the private sector including, but not limited

1 to, the Homebuilders Association of South Carolina, the South Carolina Association of Habitat for  
2 Humanity, the Realtors Association of South Carolina, the Municipal Association of South Carolina,  
3 the South Carolina Association of Counties, South Carolina Land Trust, Conservation Voters of South  
4 Carolina, and the South Carolina Chapter of the American Planning Association.

5 (D) The study committee shall provide a report to the General Assembly by December 31, 2023, at  
6 which time the study committee shall dissolve.

7

8 SECTION 11. This act takes effect upon approval by the Governor.

9

----XX----